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SUBJECT: LEADING THE WAY TO GREEN BUILDING IN ARGENTINA

Summary

¶1. With green building a major focus of reducing global energy consumption and emissions, the U.S.-based LEED standard is gaining regional acceptance as a standard for green buildings. Still, reticence in some quarters about adopting U.S. standards surfaced in an Embassy-sponsored recent conference on green building. We have been meeting with local promoters of the LEED standard to explore ways to further promote the standard and to explore business opportunities for U.S. companies. LEED adoption in this important market would help to steer local builders towards U.S. companies to source energy-efficient building technology and materials, in addition to contributing to global emissions reductions. End Summary.

Green Building: In Its Infancy in Argentina

¶2. According to UNEP, buildings (construction and operation) account for one-third of energy use and associated greenhouse gas (GHG) emissions in both developed and developing countries and are a major target for energy and emissions mitigation. The World Business Council for Sustainable Development estimates that Europe could hit more than half of its target of a 20% reduction in carbon dioxide emissions by 2020 solely through increasing building energy efficiency. Much greater gains are available in countries such as Argentina, where there are few energy-efficiency building standards and little awareness of green building techniques.

¶3. ESTOff met with Argentina Green Building Council (AGBC) CEO Guillermo Simon-Padros and President Carlos Grinberg to discuss the sustainable building industry in Argentina. AGBC was founded in 2008 to promote LEED (Leadership in Energy and Environmental Design) certification in Argentina. LEED is a green building certification system administered by the U.S. Green Building Council (USGBC) and provides third-party verification that a building meets a high standard of energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources.

¶4. Grinberg said that Argentina's green building market is incipient but contains potential for significant growth, as the country searches for ways to reduce energy emissions. Argentina has 13 LEED-certified professionals (architects and engineers) and 15 projects seeking LEED certification, totaling 300,000 square feet of new construction. Building codes for energy consumption are rare, and builders are not accustomed to green building techniques, despite the potential to significantly reduce energy costs. (Note: Argentina's heavily-subsidized electricity rates provide a disincentive for developers to focus on energy consumption. End note.)

¶5. Grinberg noted that AGBC is working with the municipal governments of Buenos Aires and Cordoba, including planned energy audits of four public buildings. The planning department of Buenos

Aires hopes to include environmental standards in contracts for future renovations of public buildings. According to Grinberg, while city planning departments are eager to offer tax incentives for green buildings, other officials are opposed to anything that would reduce tax revenues.

¶6. Officials from both the national Environment Secretariat and the City of Buenos Aires have repeatedly mentioned in recent meetings with ESTH officers that green building is a focus of their energy conservation plans. The national Secretariat has a "sustainable construction observatory" working on green building techniques and materials. The Director General of Urban Development at the City of Buenos Aires highlighted new energy codes for public and private buildings as a key part of the city's plan to reduce energy use, and noted that the city planning department hopes to include environmental standards in contracts for future renovations of public buildings.

¶7. AGBC's Simon-Padros estimated that U.S. companies are years ahead in their focus on energy efficiency in construction, providing them with a significant advantage in this market. He noted interesting developments underway in Buenos Aires. A 27-story office building, owned by major Argentine developer Raghsa S.A. and currently under construction in the Puerto Madero district of Buenos Aires, is one of the first major Argentine projects seeking LEED certification. It includes an elevator system from United Technologies, a building management system from Honeywell, and air conditioning, lighting, and insulation also supplied by U.S. companies. According to Simon-Padros, Hilton Hotels is also examining the possibility of building a LEED-certified hotel in the southern resort of Bariloche. AGBC is supported by several U.S. corporations who market their energy-efficient products in Argentina, including Carrier, Johnson Controls, and Trane. AGBC is also working with Argentine companies interested in forming joint ventures with U.S. companies to manufacture energy-efficient building products in Argentina.

Green Building Conference Reveals Underlying Tensions

¶8. USGBC appears to be increasingly promoting LEED as a global standard. As part of this global effort, AGBC hosted a conference on August 3-4 for industry professionals, academics, and government officials to discuss LEED standards, with USGBC CEO Rick Fedrizzi providing the keynote address. As a high-level event sponsor, the Embassy promoted U.S. green building standards and companies at the conference by inviting key contacts from the Renewable Energies Chamber and the American Chamber of Commerce, as well as Latin pop star and climate change activist Charly Alberti; coordinating extensive national coverage in print and television media; and speaking about President Obama's initiatives for climate change and renewable energy.

¶10. Green building certification provides an interesting example of the delicate balance the Argentines must strike between their recognition of the value of U.S. technology and ideas and their suspicion of being co-opted by U.S. standards. Argentina's private sector is eager to use LEED as a marketing tool and recognizes that a project will have a significant price markup with LEED certification. Many conference attendees welcomed Fedrizzi's message that adopting green standards is a smart business decision that will lead to increased market value within five to ten years of investment and the creation of green jobs.

¶11. By contrast, Argentina's public sector, while eager to use LEED techniques for reducing energy use, "has to camouflage it," according to Grinberg, to avoid appearing to adopt a U.S. standard too wholeheartedly. This tension was evident in the conference's public policy discussion, where a number of real estate agents and architects expressed deep concern that the adoption of LEED standards will render Argentina's building sector vulnerable to a U.S. decision-making body. Argentine LEED professionals countered that while the USGBC encourages the use of local norms on par with or stricter than LEED standards, LEED is already an internationally accepted standard.

¶12. Grinberg stressed that LEED is already the undisputed standard

across Latin America, from Mexico to Argentina, because it is a simple certification process easily applied to any project. Competing standards, including BREEAM in the U.K./Europe, Green Star in Australia, and CASBEE in Japan, are less well-known and not seen as viable competing standards for Latin America. AGBC intends to eventually develop an Argentina-specific green building certification process derived from LEED, but currently USGBC directly certifies projects in Argentina.

Comment: Opportunity for U.S. Green Building Technology

¶13. In addition to providing the means to significantly cut energy consumption and GHG emissions, LEED certification is a way to promote U.S. standards and to create business opportunities for green U.S. companies in the Argentine building industry. The U.S. market in green building products was \$12 billion in 2007 and is projected to increase to \$60 billion in 2010. With buildings responsible for at least one-third of all energy use, a similar increase in green building is expected globally as part of the effort to reduce GHG emissions. LEED adoption in the important market of Argentina would help to steer local builders towards U.S. companies to source energy-efficient building technology and materials, in addition to contributing to global emissions reductions.

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